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FM AMEMBASSY CARACAS
TO RUEHC/SECSTATE WASHDC 0144
INFO RUEHHH/OPEC COLLECTIVE
RUEHAC/AMEMBASSY ASUNCION 0898
RUEHBO/AMEMBASSY BOGOTA 7593
RUEHBR/AMEMBASSY BRASILIA 6009
RUEHBU/AMEMBASSY BUENOS AIRES 1698
RUEHLP/AMEMBASSY LA PAZ 2620
RUEHPE/AMEMBASSY LIMA 0895
RUEHSP/AMEMBASSY PORT OF SPAIN 3513
RUEHQT/AMEMBASSY QUITO 2709
RUEHSG/AMEMBASSY SANTIAGO 4021
RUEHDG/AMEMBASSY SANTO DOMINGO 0526
RUMIAAA/HQ USSOUTHCOM MIAMI FL
RHEHAAA/WHITEHOUSE WASHDC
RHEBAAA/DEPT OF ENERGY
RUCNDT/USMISSION USUN NEW YORK 0949
RUCPDO/DEPT OF COMMERCE
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C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 002221

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ENERGY FOR CDAY AND ALOCKWOOD
NSC FOR JCARDENAS AND JSHRIER

E.O. 12958: DECL: 10/02/2017
TAGS: [EPET](#) [ENRG](#) [EINV](#) [ECON](#) [VE](#)
SUBJECT: AMBASSADOR MEETS WITH SHELL

REF: A. CARACAS 359

[1](#)B. CARACAS 2128

Classified By: Economic Counselor Andrew N. Bowen for Reason 1.4 (D)

[1](#)1. (C) SUMMARY: Shell Venezuela President Sean Rooney paid a courtesy call on the Ambassador November 21 to discuss the current operating environment in Venezuela. In contacts with Shell, Energy Ministry and PDVSA working level contacts have significantly increased proposals for new projects and requests for assistance in the last two to three months, though follow-through has been difficult. Shell continues to be concerned over political discrimination against employees in its joint venture. END SUMMARY

LOTS OF OPPORTUNITY, LITTLE PROGRESS

[1](#)2. (C) Shell Venezuela President Sean Rooney, accompanied by Corporate Relations Manager Sebastiano Rizzo and Government Relations Manager Jesus Del Vecchio, paid a courtesy call on the Ambassador on November 21. Rooney stated Shell continues to view Venezuela as offering unparalleled opportunities due to its vast oil reserves. He stated he believes his children will see the day when Venezuela is acknowledged as having the world's largest petroleum reserves. The question is whether Venezuela will be able to develop policies and institutions that can efficiently extract the oil.

[1](#)3. (C) Rooney stated Energy Ministry and PDVSA working level contacts have significantly increased their proposals for new projects as well as their requests for assistance in the last two to three months. He added, however, that the proposals do not come to fruition due to the failure to receive senior BRV officials' approval. Later in the conversation, Rooney stated neither President Chavez nor Energy Minister Ramirez appear open to new proposals involving international oil

companies.

POLITICAL DISCRIMINATION

¶4. (C) Rooney said he does not view PDVSA as a complete disaster as some critics do. He believes the company retains a significant amount of lower level, skilled workers as well as a group of competent managers. He also believes that younger, skilled PDVSA employees are capable of being trained. However, he stated Shell is concerned about brain drain in Venezuela in general, and, specifically, in the oil sector.

¶5. (C) Rooney complained that political discrimination against joint venture employees who signed petitions in support of the recall referendum continues (Reftels A and B). He believes that the compensation offers that Shell employees received to migrate to the joint venture were based on their perceived political leanings. In addition, PDVSA security personnel turned down roughly half of all new applicants to the joint venture without explanation after they had been vetted by management. When Shell checked the names of the rejected applicants against a list of those who had supported the referendum to recall President Chavez, there was a 100% correlation. None of the accepted applicants were known to have supported the referendum.

COMMENT

¶6. (C) Rooney's concerns regarding brain drain and political discrimination mirror those of other contacts in a variety of

CARACAS 00002221 002 OF 002

fields. Chevron Latin America President Ali Moshiri also told us recently that his company has seen a noticeable up-tick in requests for assistance from working level BRV and PDVSA officials.

DUDDY